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Case Docket No. 1.919.00

Transmitted herewith for filing are papers related to the patent application of:

Inventor(s): **SIMON HACHE**

For: **LENDING MODEL**

Enclosed are:

X 2 sheet(s) of drawings.

_____ An assignment of the invention to: _____

_____ Certified copy(ies) of the following application(s) the priority of which is hereby claimed under 35 USC §119: _____

_____ A verified statement to establish small entity status under 37 C.F.R. 1.9 and 37 CFR 1.27

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Basic Fee				\$345		\$690
Total Claims	40	- 20 = 20	x 9 =	180	x 18 =	
Independent claims	4	- 3 = 1	x 39 =	39	x 78 =	
_____ Multiple claims presented			x 130 =		x 260 =	
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: Simon Hache
Serial No.:
Filing Date: August 15, 2000
For: LENDING MODEL

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August 15, 2000

Honorable Commissioner of Patents and Trademarks
Washington, D.C. 20231

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I HEREBY CERTIFY that this correspondence is being deposited by United States Express Mail, Label No. EL-053-919-515-US, in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, D.C. 20231, this 15 day of August, 2000.

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LENDING MODEL

BACKGROUND OF THE INVENTIONField of the Invention

This invention relates to a lending system including a model and an attendant procedure for facilitating the security of loans made in a stabilized currency at an economically attractive interest rate to borrowing entities intending to use the proceeds of the loan in a secondary or historically unstable economy, wherein the loan is satisfied by payment in the stabilized currency and is to a large extent protected from unstable circumstances analogous to a devaluating exchange rate occurring within the secondary economy, by establishing a reserve fund and following other requirements of the lending model and associated procedure.

DESCRIPTION OF THE RELATED ART

Even with the continued expansion of a global economy, a significant disparity between the economic stability of developed countries and underdeveloped countries continues to exist. This disparity is commonly demonstrated by the considerable difference in the cost of borrowing money, which is at least partially attributable to the political risk, inflation, fiscal policy, devaluation potential and the instability of the local currency in the secondary economies

1 associated with the various underdeveloped countries.

2 By way of example only, companies in Latin American
3 countries pay a substantially higher borrowing cost than their
4 competitors in the United States and other developed countries.
5 Local banks in such secondary economies must pay a substantially
6 higher interest rate to depositors in their countries in order
7 to keep the depositing clients from changing their assets from
8 the local currency to US dollars or other hard currencies.
9 Therefore, borrowers at the local banking institutions have to
10 pay their loans at a much higher interest rate than in the
11 United States or other countries enjoying low political risks,
12 stable economies, sound fiscal policies and reliable and a
13 stable currency.

14 In addition to the above there is usually the fear of
15 accelerating devaluation as occurred in the two Mexican crisis
16 of 1985 and 1994, which were universally recognized as the
17 result of inappropriate economic policies. This type of
18 economic instability is frequently present in underdeveloped
19 countries even when the local currency thereof is relatively
20 stable. The result, as set forth above, is a constant and
21 significant difference in the cost of capital in the secondary
22 economies and the more stable economies of the developed
23 countries.

24 Because of the differences in the cost of borrowing and
25 therefore the cost of doing business, a number of companies or

1 other borrowing entities associated with the economies of an
2 underdeveloped country are often times willing to take the risk
3 of borrowing at a lower interest rate in a stable currency, such
4 as but not limited to the US dollar. Further by way of example,
5 the difference in borrowing costs may be between a 9.5% lending
6 rate in US dollars versus a 22% lending rate in the local
7 currency of a secondary economy, such as the Dominican Republic.
8 The obvious attraction to the borrowing entity is the
9 significant decrease in the cost of the borrow money. The
10 willingness to assume risks by those borrowing US dollars, or
11 other hard currencies, is usually more prevalent during periods
12 of relative economic stability in the related secondary economy,
13 when the local currency is stable versus the US dollar. More
14 specifically, companies may be willing to take the risk of
15 devaluation of the local currency, which typically is the result
16 of an occurrence of an economically unstable event for period
17 time.

18 However, when severe devaluation does take place, a company
19 or other borrowing entity that has assumed loans in US dollars
20 are suddenly faced with substantially higher debt payments, in
21 terms of their local devalued currency, even when inflation
22 increases local prices. This inflationary rise in prices most
23 often does not off-set the increased obligations of the
24 borrowing entity that must be met in US dollars, which
25 ultimately is paid for in local currency converted to US dollars

1 using a new, devalued exchange rate. Therefore, the risks of
2 borrowing a hard or stable currency at a lower interest rate are
3 realized when an economy suffers a rapid devaluation of the
4 local currency, inflation and/or a contraction of economic
5 growth. The resulting economic damages to the borrowing entity
6 are normally defaulting or renegotiating loans made in the
7 stable currency or the bankruptcy of the business or venture
8 associated with the borrowing entity. In addition to the above
9 and perhaps most importantly, because of the above described
10 "devaluation risk of the exchange rate", financial institutions
11 in the United States and other developed countries do not want
12 to finance, through loans, numerous commercial ventures in
13 countries characterized by high interest rates for local
14 currency loans. As a result lending institutions in developed
15 countries which deal in stable currencies, such as the United
16 States, have a tendency to ignore a significant portion of the
17 commercial lending market.

18 When a borrowing and lending operation takes place, the
19 interest rate charged should reflect the risk involved in the
20 business. As a further example, if one borrows US dollars but
21 invests in a project in Mexican pesos, the risk involved should
22 reflect the risk of doing business in the Mexican economy rather
23 than the lower cost of borrowing a stable currency from a
24 fundamentally sound economy. This mistake is commonly made when
25 a loan is secured in a stable currency because the interest rate

1 charged are lower, the borrowing entity taking the devaluation
2 risk, calculates that it can assume business or commercial
3 projects with relatively low opportunity costs of capital. When
4 borrowing entities of this type prepare a profitability analysis
5 using interest rates of developed countries which deal in a
6 stable currency, conventional financial tools including "net
7 present value" and "internal rate of return" are used. However,
8 when the cost of doing business or making a loan is determined
9 in terms of the lower cost of borrowing a stable currency, the
10 results do not reflect the true financial and economic risks
11 involved in the event of the occurrence of an unstable event in
12 the secondary economy.

13 Normally the high interest rate in a local currency reflect
14 the risk of doing business in that country. Risks in lending,
15 inflation expectations, political and economic stability are
16 common factors affecting real rates of interest in
17 underdeveloped countries. Accordingly, when a company borrows
18 in order to invest in a project or business, the currency
19 borrowed is normally the same as the currency invested. That is
20 if a company borrows in Mexican pesos the money is invested in
21 a Mexican business. The borrowing and lending operations
22 reflect the risk of business in the local currency of that
23 country. If a company is importing goods from the United States
24 to Mexico and borrows Mexican pesos in order to buy dollars to
25 pay the foreign supplier at the peso interest rate of borrowing,

1 that company is taking the exchange rate risk into consideration
2 with respect of the US dollar. However, if devaluation occurs
3 it would most likely cause an increase in the Mexican prices.
4 The devaluation will probably result in sufficiently higher
5 prices to off-set the devaluation cost that the Mexican company
6 is paying in the higher borrowing costs of the Mexican interest
7 rate. The Mexican company must calculate its profitability
8 calculations with the Mexican interest rate, there by more
9 accurately reflecting its "net present value" and "internal
10 rates of return".

11 Based on the factors and risks involved in borrowing stable
12 currencies from developed countries for use in secondary or
13 unstable economies, there is a significant need for a unique
14 lending system which overcomes the well recognized problems and
15 disadvantages of the type set forth above. Such an improved
16 system should comprise a lending model and/or procedure for
17 making loans in a stabile currency, in a manner which protects
18 both the lending entity and the borrowing entity, particularly
19 when the proceeds of the loan are to be used in an
20 underdeveloped country and/or secondary, potentially unstable
21 economy.

22 23 SUMMARY OF THE INVENTION

24 The present invention is directed towards a system for
25 making secure loans and includes a lending model and an

1 associated procedure. More specifically, the lending system of
2 the present invention is specially adaptable for making loans in
3 a stabilized or "hard" currency, which normally represents the
4 national currency of a developed, stable government practicing
5 safe fiscal policies. Moreover the lending model and procedure
6 of the system of the present invention is specifically, but not
7 exclusively, designed for making loans of stable currency to
8 borrowing entities that will utilize the loan proceeds in
9 underdeveloped countries or what may be referred to as a
10 secondary economy. The term "secondary economy" is meant to
11 describe various economies throughout the world, which are
12 normally associated with underdeveloped countries and which
13 historically have a potential for fiscal and monetary
14 instability, including inflation, devaluation, political
15 instability, etc. Because of the aforementioned economic
16 instability the underdeveloped countries are confronted with a
17 considerable difference in the cost of borrowing money in the
18 local currency associated with the secondary economy, from the
19 cost of borrowing a stable currency, from a developed country.
20 The high interest rates attached to loans made in a local
21 unstable currency, reflect the risks in that country of the
22 aforementioned unstable conditions which are common factors
23 affecting the interest rates in such underdeveloped countries.

24 Numerous borrowing entities present or doing business in
25 secondary economies of the type as set forth above are credit

1 worthy, and of course recognize that the lending interest rate
2 for making loans in a stable currency is significantly less than
3 the higher interest rates for making loans in a local currency
4 in the country or region in which they are doing business. As
5 a further example, the difference in borrowing costs may be
6 approximately 9.5% in US dollars versus a 22% lending rate in a
7 local currency, such as the Dominican pesos of the Dominican
8 Republic. Such lower interest rates of stable currency loans is
9 of course very attractive to a business, particularly in times
10 of economic stability in the underdeveloped country or secondary
11 economy associated therewith. In such times, the local currency
12 is stable versus the American dollar and many borrowing entities
13 may be willing to take the "devaluation risk". However, the
14 lending model and procedure of the system of the present
15 invention overcomes a potentially disastrous result when a
16 crisis or period of instability occurs within the secondary
17 economy of the underdeveloped countries. During such crisis
18 situations, it is typical for the local currency to be devalued,
19 inflation to be rampant and the overall commercial or economic
20 base of the underdeveloped country to contract. Accordingly,
21 companies or other borrowing entities that have made loans in US
22 dollars or other stable currencies, suddenly face a
23 substantially "higher" loan payment since the company or
24 borrowing entity in the secondary economy is most probably doing
25 business in local currency. While the inflationary environment

1 persists in the secondary economy, local prices increase but
2 commonly do not offset the increased value of the loan
3 obligation in light of a new devalued exchange rate, between the
4 local currency and stabile currency in which the loan was
5 consummated. In addition, a secondary economy suffering from
6 rapid devaluation and inflation together with a contraction of
7 the demand for goods and services, collectively affect the
8 borrowing entity. Therefore, under such conditions it is common
9 for a loan, existing in the stabile currency, to be defaulted or
10 re-negotiated or, alternatively the business or borrowing entity
11 declares bankruptcy. As a result of the above, lending entities
12 in developed countries which enjoy a stable currency and strong
13 economy are reluctant to assume the devaluation risk associated
14 with granting borrowing entities in secondary economies, a
15 stable currency loan. Accordingly a significant segment of the
16 potential money market is lost to such lending entities which
17 deal in a stable currency. Therefore, in utilizing the lending
18 model and procedure of the present invention lending
19 institutions dealing in a hard or stable currency and willing to
20 grant loans at a first, relatively low interest rate can
21 significantly expand their financial services and markets to
22 secondary economies having a normally high lending interest rate
23 and a substantially low or minimum devaluation risk of the
24 exchange rate.

25 The lending system of the present invention comprises a

1 lending model and associated procedure, wherein a lending entity
2 dealing in a stable currency enters into a loan agreement with
3 a borrowing entity for use of the loan proceeds in an
4 underdeveloped country or secondary economy. Further, the loan
5 agreement stipulates that the principle of the loan will be paid
6 to the borrowing entity in a predetermined stable currency, such
7 as US dollars, and the loan will be satisfied in the same stable
8 currency. However, one feature of the present invention is the
9 creation of a reserve fund for the purpose of facilitating
10 satisfaction of the loan or more specifically partial
11 satisfaction or payment of an amortization schedule agreed upon
12 for the satisfaction of the loan. The aforementioned devaluation
13 risk, which may result upon the occurrence of periods of
14 instability in the secondary economy, is significantly reduced
15 or eliminated since the principal of the reserve fund will be
16 used to make up for any deficiencies or inability of the
17 borrowing entity to make the payments in accordance with the
18 amortization schedule.

19 As a further example, a company in the Dominican Republic
20 has a commonly available lending interest rate of 22% whereas in
21 the United States the commonly available lending interest rate
22 may be at a significantly reduced rate of 10%. The company or
23 borrowing entity wants to take advantage of the lower interest
24 rate in the United States and thereby increase its profit.
25 Accordingly, the borrowing entity in the secondary economy

1 enters into a loan agreement with the lending entity in the
2 United States or other secure economy based entity, wherein the
3 loan is established at a lending rate equal to or at least
4 partially based on the commonly available lending interest rate
5 in the United States. However, for purposes of establishing the
6 aforementioned reserve fund a portion of the outstanding loan is
7 amortized, by either a one time payment or a plurality of
8 periodic payments, payable in US dollars, at the higher, local
9 interest rate commonly available in the secondary economy.

10 The reserve fund is thereby derived from the difference
11 between the higher amortization payment, made at the higher
12 interest rate associated with the secondary economy and the
13 amount of the lesser payment, amortized at the lower interest
14 rate associated with the stable currency and at which the loan
15 was actually established. The amount of the reserve fund will
16 be predetermined and based on a number of factors including
17 historical and current economic factors which affect the
18 stability of the secondary economy as well as the size of the
19 loan. Therefore, the reserve fund is established to protect
20 both the lending and borrowing entities against the hardships
21 resulting from severe devaluation of the local currency and
22 contraction of the local economy by proper structuring of the
23 amortization schedule. The amortization schedule could typically
24 require the first 9 or 10 monthly payments, on a ten year loan,
25 to be made to the lending entity at the higher interest rate

1 commonly associated with the secondary economy. The excess
2 money between the payments at the higher interest rate and the
3 amount of payment which would be due at the lower interest rate
4 and at which the loan was actually established, will be
5 accumulated to build the aforementioned reserve fund to the
6 point where the devaluation risk has been significantly reduced
7 or eliminated in the event of economic instability or crisis
8 occurring in the secondary economy. On a ten year loan
9 amortized by monthly payments, a first debt service can comprise
10 the first 9 or 10 months amortized at the higher interest rate
11 associated with the secondary economy. Thereafter, the agreed
12 upon amortization schedule can define a second debt service
13 comprising a plurality or monthly or other periodic payments
14 amortized at the lower interest rate at which the loan was truly
15 established. It is to be emphasized that the length of the
16 first debt service, in terms of monthly payments amortized at
17 the higher interest rate associated with the secondary economy,
18 may vary and is of course not limited to the nine or ten monthly
19 payments, as indicated above. However, it is also to be
20 emphasized that the safest application of the lending model and
21 procedure of the present invention includes a debt service of
22 sufficient length or being defined by a sufficient number of
23 monthly payments, at the higher interest rate associated with
24 the secondary economy, to overcome a "worst case" scenario in
25 terms of the occurrence of a financial crisis. The lending model

1 and associated procedure of the present invention also
2 contemplates a situation where the first debt service lasts over
3 almost the entire length of the loan. More specifically, the
4 first debt service could comprise a plurality of periodic or
5 monthly payments, amortized at the higher interest rate of the
6 secondary economy and lasting over a majority, if not all, of
7 the monthly payments until the loan is satisfy. Upon
8 satisfaction of the loan, or at some predetermined point prior
9 to the loans conclusion, the amount of the reserve fund is
10 returned as profit to the borrowing entity.

11 As part of any and all of the above scenarios, the
12 difference in the amount of payments between amortizing the debt
13 over the first or higher interest rate and the second or lower
14 interest rate, serves to create the aforementioned reserve fund.
15 However, regardless of the size of the reserve fund created, the
16 amount of the reserve fund is eventually returned to the
17 borrowing entity as a financial benefit or profit, either
18 periodically over the coarse of the loan or at the end thereof,
19 as may be predetermined and negotiated between the borrowing
20 entity and the lending entity when the loan is established.

21 The lending system, including the lending model and
22 procedure of the present invention, as described in greater
23 detail herein, may also significantly reduce or eliminate the
24 requirement for a security deposit normally demanded by lending
25 entities in developed countries from the borrowing entity

1 associated with undeveloped countries, wherein the security
2 deposit is typically equal to 100% of the amount of the loan.
3 The reduction or elimination of such a large security deposit
4 will no longer be necessary since the devaluation risk has been
5 significantly reduced or eliminated by the establishment of the
6 reserve fund. Therefore the liquid assets normally assigned to
7 fund the 100% security deposit are not needed.

8 When considering or determining the credit worthiness of a
9 borrowing entity, utilizing the lending model and procedure of
10 the present invention, a credit analysis should be based on the
11 normally higher lending interest rate of the local currency of
12 the secondary economy with which the borrowing entity is
13 involved. In addition, a profitability schedule of the benefit
14 of the borrowing entity can be determined when establishing the
15 loan in the stable currency at a significantly lower lending
16 interest rate.

17 Yet another scenario which is incorporated within the
18 spirit and scope of the present invention includes the
19 possibility of a lending entity, dealing in a stable or hard
20 currency and willing to provide loans at a relatively low
21 lending interest rate, does so to a borrowing entity within a
22 secondary economy at a somewhat higher lending interest rate or
23 "mark-up" in fees, etc. This scenario exists primarily when
24 there is a minimum risk of a devaluation of the exchange rate,
25 between the stable currency and the currency of the secondary

1 economy, based at least in part on historical as well as current
2 political and economic conditions of the secondary economy.

3 These and other objects, features and advantages of the
4 present invention will become more clear when the drawings as
5 well as the detailed description are taken into consideration.
6

7 BRIEF DESCRIPTION OF THE DRAWINGS

8 For a fuller understanding of the nature of the present
9 invention, reference should be had to the following detailed
10 description taken in connection with the accompanying drawings
11 in which:

12 Figure 1 is a schematic representation in flow chart form
13 of at least one embodiment of the lending system of the present
14 invention.

15 Figure 2 is a schematic representation in flow chart form
16 of at least one other embodiment of the lending system of the
17 present invention.

18 Like reference numerals refer to like parts throughout the
19 several views of the drawings.
20

21 DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

22 The present invention is directed towards a lending system
23 including a lending model and a procedure associated therewith
24 for establishing secure loans between a lending entity and a
25 borrowing entity, in a stable currency, wherein the proceeds of

1 the loan are to be used in a secondary economy. For purposes of
2 clarity reference will be made to one or more examples wherein
3 the stable economy is represented as US dollars, the lending
4 entity is located in or associated directly with the United
5 States, the secondary economy is that associated with the
6 relatively underdeveloped country of the Dominican Republic and
7 the local or national currency of the secondary economy is
8 represented in Dominican pesos. It is emphasized however, that
9 the lending system of the present invention is not limited to a
10 specific developed country, stable currency, secondary economy
11 or local or national currency associated with the secondary
12 economy. Further, the lending system incorporating the lending
13 model and associated procedure of the present invention may also
14 be applied to lending situations which are not necessarily
15 between a lending entity associated with a stable currency and
16 a borrowing entity associated with a secondary economy, as will
17 be explained in greater detail hereinafter.

18 With reference to the accompanying Figures, a lending
19 entity generally indicated as 10 is located in a developed
20 country such as, but not limited to, the United States and
21 generally indicated as 12, wherein loans are typically made in
22 US dollars. A borrowing entity, generally indicated as 14, is
23 located or directly associated with a relatively underdeveloped
24 country, such as the Dominican Republic comprising a secondary
25 economy, as explained in greater detailed herein. Both the

1 underdeveloped country and the secondary economy are
2 collectively represented as 16. Further by way of example the
3 commonly available lending interest rate for credit worthy
4 borrowers will be defined as a first interest rate and will be
5 generally referred to as 10%. To the contrary, due to the
6 historical economic instability of the underdeveloped country
7 and the secondary environment 16, the commonly available
8 interest rate is 22% and will hereinafter be referred to as the
9 second interest rate.

10 The lending entity 10 and the borrowing entity 14 enter
11 into a loan agreement as at 18. An important part of the loan
12 agreement 18 is that the resulting loan between the lending
13 entity 10 and the borrowing entity 14 will be made in the stable
14 currency or US dollars associated with the developed country 12.
15 Similarly, the loan will be re-paid or satisfied by the
16 borrowing entity 14 in the same stable currency. As a further
17 part of the loan an amortization schedule 20 is established and
18 agreed upon. In accordance with the established amortization
19 schedule 20, satisfaction of the loan may be made in accordance
20 with what may be generally referred to as a first debt service
21 22 and a second debt service 24 respectfully.

22 As set forth above, in order to protect both the lending
23 entity 10 and the borrowing entity 14 against a devaluation risk
24 associated with the economic instability of the secondary
25 economy 16, particularly when the loan is made and intended to

1 be satisfied in the stable currency of the developed country 12,
2 a reserve fund is established as at 26 in order to aid the
3 borrowing entity 14 in the satisfaction of the loan or otherwise
4 helping or facilitating satisfaction of the agreed upon
5 amortization schedule, including the one or more payments
6 associated with the first debt services 22 and the one or more
7 payments associated with the second debt service 24. The
8 reserve fund 26 is intended to be accessed upon the occurrence
9 of economic instability, generally indicated as 28 or other
10 economic factors which derogatorily affect the ability of the
11 borrowing entity 14 to make the one or more payments associated
12 with either the first debt service 22 or the second debt service
13 24.

14 Accordingly, upon the occurrence of a crisis event or a
15 period of economic instability 28, the reserve fund 26 will be
16 accessed and paid, as at 30, to the lending entity 10 in whole
17 or in part, as needed, in order to accommodate the amortization
18 schedule 20. More specifically, each or a portion of each of
19 the payment or payments defining the first debt service 22 or
20 the second debt service 24, provided in the amortization
21 schedule 20, may be satisfied by the reserve fund or a
22 proportionate amount thereof as needed. However, when the loan
23 is completely satisfied as at 40, without the occurrence of
24 economic instability 28 and provided that the borrowing entity
25 14 is able to perform in terms of the amortization schedule 20

1 as provided by the first debt service 22 and the second debt
2 service 24, the reserve fund 26 will be returned to the
3 borrowing entity 32 as a financial benefit or profit. The
4 borrow entity 14 is thereby given the benefit of the full
5 financial advantage of establishing a stable currency loan at a
6 significantly reduced first interest rate, while at the same
7 time eliminating the devaluation risk of the exchange rate to
8 both the lending entity 10 and the borrowing entity 14.

9 Because of the important protective features offered by the
10 establishment of the reserve fund 26, the accumulation of moneys
11 from which the reserve fund is derived is important. It will be
12 recalled that the loan agreement 18 specifically called for the
13 loan to be made by the lending entity 10 to the borrowing entity
14 14, in the stable currency, such as US dollars. Similarly, at
15 least one embodiment of the lending system of the present
16 invention provides that the loan agreement 18 establishes that
17 the satisfaction of the loan will be made in the same stable
18 currency. Importantly, the loan of stable currency will be
19 established at an agreed upon relatively low first interest
20 rate, at least partially based on a commonly available lending
21 interest rate of the stable currency within the developed
22 country or stable economy 12. However, the credit analysis of
23 the loan should be also based on the high second interest rate
24 of a local currency of a secondary economy. Since the terms of
25 the loan should comply with the borrowing entity's ability to

1 repay the loan within the local economic conditions of the
2 secondary economy.

3 In accordance with the example that was outlined above, the
4 first interest rate would be represented as 10%. However, in
5 order to accumulate sufficient funds to facilitate satisfaction
6 of the loan, as at 40, even upon the occurrence of periods of
7 economic instability 28 within or affecting the secondary
8 economy 16, the amortization schedule creates what may be
9 generally referred to as the first debt service 22. The first
10 debt service requires a single payment or alternatively, a
11 plurality of periodic payments to be made at a second interest
12 rate. The second interest rate is at least partially based on
13 a commonly available interest rate for loans in the local
14 currency of the secondary economy 16. The representative second
15 interest rate would be 22%.

16 Therefore, the accumulation of sufficient moneys to
17 complete the reserve fund 26 would be based on a first debt
18 service 22 comprising one or a plurality of periodic payments
19 based on amortization of the loan at the second, higher interest
20 rate. The reserve fund is then derived from the difference
21 between the higher payment amortized at the higher second
22 interest rate and the amount of a lesser payment amortized at
23 the lower first interest rate, at which the loan was actually
24 established. When the amount of the reserve fund reaches a
25 predetermined value, the amortization schedule 20 provides for

1 the instigation of the second debt service which most preferably
2 is in the form of a plurality of periodic payments, which will
3 amortize the remaining portion of the loan at the lower, first
4 interest rate which, as set forth above, was the true interest
5 rate at which the loan was established. Accordingly, during the
6 payment of the first debt service 22, the amount of a monthly
7 payment associated therewith which is equal to an amortization
8 payment at the lower, first interest rate, will be applied to
9 the loan. The excess money, or the difference between the
10 payment amortized at the first interest rate and the greater
11 amount or payment amortized at the second interest rate will be
12 attributable directly to the reserve fund.

13 As set forth above the amount of the reserve fund should be
14 predetermined and be sufficient to facilitate satisfaction of at
15 least a portion of the amortization schedule, comprising either
16 the first debt service or second debt service. Determination of
17 the actual amount of the reserve fund should be based at least
18 partially on the amount of the loan and the stability of the
19 secondary economy. Further, in determining the economic
20 stability of the secondary economy, both historical and current
21 economic conditions must be considered. However, the lending
22 model of the present invention suggests 9 to 10 monthly loan
23 payments, as described in greater detail herein, since it is
24 meant to cover the worst possible scenario and thereby provide
25 added safety to both the lending and borrowing entity. For

1 example, the amortization schedule can typically provide for a
2 ten year loan amortized over a plurality of periodic payments,
3 such as monthly payments, wherein approximately the first ten
4 monthly payments would be based on the amortization of the loan
5 at the second, higher interest rate. Upon the establishment of
6 the predetermined amount in the reserve fund 26, the remainder
7 of the monthly payments would be based upon an amortization of
8 the loan at the lower, first interest rate, which is the true
9 interest rate at which the loan was originally established.

10 To further illustrate the advantages of the lending system
11 of the present invention an approximate exchange rate between
12 Dominican pesos and U.S. dollars of 16.5 to 1, will be assumed.
13 The example will further assume a cost of borrowing at the low
14 first interest rate of 10% of the stable currency and a second
15 high interest rate of 22% of a local currency of a secondary
16 economy, for a 10 year loan in the amount of US\$10 million
17 dollars, with monthly payments. The monthly payment at 10%
18 first interest rate is US\$132,150.74 compared to US\$206,696.88
19 at the 22% second interest rate. A difference of 56.41%, or
20 US\$74,546.14 per month thereby exists. The higher monthly
21 payment amount is continually paid for a predetermined number
22 of payments (first debt service), until the total amount of the
23 reserve fund has been established, even though the local
24 currency exchange rate and economic conditions of the secondary
25 economy remain stable. Thus, the monthly difference of

1 US\$74,546.14 (\$206,696.88 minus \$132,150.74) is used to
2 establish the reserve fund. The amount of the reserve fund
3 becomes an additional benefit or "profit" to the borrowing
4 entity if the reserve fund is never utilized, since the reserve
5 fund is returned to the borrowing entity, if the secondary
6 economy remains stable. The lending model and procedure of the
7 present invention converts the devaluation risk of the exchange
8 rate between the first interest rate of a stable economy and the
9 second interest rate of a secondary economy into generally
10 additional financial benefits and/or profits to the borrowing
11 entity.

12 Other factors to be included in the lending model and
13 procedure of the present invention comprise a variation in the
14 number of payments of the first debt service, as well as when
15 the amount of money accumulated in the reserve fund is returned
16 in whole or in part to the borrowing entity. Such factors may
17 differ, dependent on the circumstances of each loan and may be
18 predetermined and negotiated at the time the loan is
19 established.

20 It should also be emphasized that payment of the first debt
21 service can be made in a single payment rather than a plurality
22 of periodic payments. When a single payment is made to satisfy
23 the first debt service 22 the difference in the amount of the
24 payment between amortizing the loan at the second, higher rate
25 and at the first, lower interest rate would be the basis from

1 which the reserve fund 26 is derived. Alternatively, the lending
2 system, including the lending model and procedure of the present
3 invention also contemplates a scenario wherein the first debt
4 service, comprising a plurality of periodic payments at the
5 second or higher interest rate, lasts over at least a majority,
6 if not the entire loan. At the end of the loan or at some
7 predetermined point prior to the loan being satisfied, the
8 resulting reserve fund or a portion thereof is returned to the
9 borrowing entity as profit. The lending system including the
10 lending model and procedure of the present invention also
11 includes an additional modification of this embodiment. More
12 specifically, the additional modification comprises the pre-
13 established or pre-negotiated amount of the reserve fund being
14 paid as a single payment by the borrowing entity. The loan
15 would then be amortized over a plurality of monthly or other
16 periodic payments, all at the second higher interest rate for
17 the life of the loan, in accordance with the first debt service
18 as set forth above. The excess money accumulated due to the
19 borrowing entity 14 paying all of the periodic payments at the
20 second higher interest rate would eventually be returned as
21 would the unused reserve fund, to the borrowing entity, upon
22 satisfaction of the loan or at another pre-negotiated time. An
23 advantage to the borrowing entity would be the ability to deduct
24 the second higher interest rate payments over the life of the
25 loan as a tax deduction or a business expense. It is again to

1 be emphasized that the reserve fund whether established from a
2 plurality of payments, defining the first debt service, or by a
3 single payment in the agreed upon amount of the reserve fund,
4 would be returned to the borrowing entity at an agreed upon
5 time, preferably at the satisfaction of the loan. Also, in
6 either of the above embodiments, significant tax deductions
7 would be a benefit to the borrowing entity. This is because all
8 of the periodic payments, regardless of when or how the reserve
9 fund was established, would be made at the second higher
10 interest rate. The amount of the higher interest rate on the
11 loan would of course result in a higher tax deduction.

12 In another embodiment of the present invention, at least
13 partially shown in Figure 2, a slight difference may arise from
14 the embodiment of Figure 1. As shown, the borrowing entity may
15 be one or more banks or other lending institutions 50 located
16 within or directly associated with the secondary economy 16.
17 However in this embodiment, the lending entity 10 loans money
18 directly to the one or more lending institutions 50, at the lower
19 first interest rate. In turn, the local banks establish loans
20 to customers 52 in the local currency and at the local higher
21 lending interest rate, referred to above as the second interest
22 rate. Such a modification would provide the lending entity 10
23 with the benefit of a wider market and greater rate of expansion
24 in that the one or more lending institutions 50 within the
25 secondary economy 16, would have the effect of utilizing an

1 already existing distribution network by underwriting loans to
2 existing and/or readily available clients, as at 52. The local
3 lending institution 50 would have a greatly increased profit
4 base in making or under writing loans to their clients 52 in
5 that local bank or lending institution 50 frequently borrow from
6 local savings and loan institutions, utilizing the local
7 currency. Naturally, in such a situation, the lending
8 institutions 50 would normally borrow at a significantly higher,
9 commonly available lending rate when borrowing from the local
10 savings and loan institution. By borrowing from the lending
11 entity 10 the lending institutions 50 would not only enjoy the
12 benefit of receiving the loans in a stable currency but would
13 enjoy the significantly less interest rate, referred to above as
14 the lesser, first interest rate. More specifically, the local
15 lending institution 50 will obtain the amount of the loan from
16 the lending entity 10 at a significantly reduced rate. The
17 lending institution 50 would then make one or more loans to
18 local customers 52, in the local currency and at the
19 significantly higher local lending interest rate, referred to
20 above as the second interest rate. The one or more customers 52
21 would satisfy their respective loans to the lending institution
22 50 in the local currency and at the significantly greater second
23 interest rate. The lending institutions 50 would thereby make
24 additional and significant profits from the difference in the
25 first interest rate at which the money was originally borrowed,

1 from the lending entity 10, and second interest rate at which
2 the money was loaned out to the plurality of customers 52.

3 Yet another embodiment of the lending system, including the
4 lending model and procedure of the present invention, is further
5 demonstrated in Figure 2, wherein one or more local lending
6 institutions 50, located in a secondary economy 16, would make
7 available a variety of clients 52 interested in obtaining low
8 interest loans, in a stable currency such as a US dollars.
9 Accordingly, the lending institutions 50 would make their
10 respective clients 52 directly available to the lending entity
11 10 and thereby make each of the client's 52 a borrowing entity,
12 or a client/borrower as at 52'. The value or economic advantage
13 to the lending institutions 50 would be in the form of a
14 compensation package which would comprise an issuance fee, paid
15 by the lending entity 10 for compensation in offering its
16 client's 52, 52' to the lending entity 10. Also the
17 compensation package would include the lending institution 50
18 earning all the fees involved in converting the local currency,
19 such as Dominican pesos, received as revenue by the
20 client/borrower 52, 52' into US dollars. In addition, such a
21 compensation package could include any interest derived from
22 depositing the established reserve fund 26, as described with
23 reference to the model of Figure 1, into the respective one or
24 more of the lending institutions 50. All of the above fees
25 and/or forms of compensation could be negotiated so as to be

1 economically feasible for the local lending institutions 50 and
2 the lending entity 10.

3 Yet another embodiment of the lending system of the present
4 invention comprises the converting or swapping of pre-existing
5 loans made by one or more of the lending institutions 50 into
6 stable currency loans in accordance with the model and procedure
7 of Figure 1. This situation would be economically feasible to
8 the banks or other types of lending institutions 50 as long as
9 the mark up of the local loan is less than the commissions and
10 fees that the local lending institution 50 would earn when
11 utilizing the subject lending system, including the lending
12 model and procedure, as explained primarily with regard to
13 Figure 1. If the aforementioned commissions and fees would be
14 sufficient, it would then be feasible for the lending
15 institution 50 to convert or swap the previously established
16 loans with the stable currency loans incorporated within the
17 lending model and procedure of the present invention.

18 Yet another embodiment and/or modification of the lending
19 model and procedure of the present invention comprises the
20 application thereof for short term loans. When the loan is a
21 short term loan, it is established at a first interest rate, as
22 set forth above, plus a "premium interest" which serves as an
23 additional assurance and protection for both the lending entity
24 and the borrowing entity that the occurrence of a financial
25 crisis and/or devaluation of the exchange rate will not affect

1 the satisfaction of the loan within the short term of its
2 duration. These additional protections or assurances are
3 provided since the length of the loan may or may not be adequate
4 to establish a sufficient reserve fund in the manner set forth
5 above.

6 Regardless of the various scenarios used in applying the
7 lending model and procedure of the present invention, an
8 additional benefit to both the lending and borrowing entities is
9 the establishment of various profit or benefit schedules
10 representing the difference between the first and second
11 interest rate payments, for long term lending. In addition, a
12 cost benefit analysis for short term lending may be provided.
13 The similar schedule or cost benefit analysis may be provided
14 when the reserved fund is based on a one payment option, instead
15 of the first and second debt service being respectively
16 amortized over a plurality of periodically or monthly payments.

17 Since many modifications, variations and changes in detail
18 can be made to the described preferred embodiment of the
19 invention, it is intended that all matters in the foregoing
20 description and shown in the accompanying drawings be
21 interpreted as illustrative and not in a limiting sense. Thus,
22 the scope of the invention should be determined by the appended
23 claims and their legal equivalents.

24 Now that the invention has been described,

1 What is claimed is:

- 2 1. A model for making stable currency loans for use in
3 secondary economies, said model comprising:
4 a) a lending entity having access to at least one
5 stable currency,
6 b) a borrowing entity having use for loan proceeds
7 in a secondary economy,
8 c) a first interest rate at least partially
9 determined by a commonly available lending
10 interest rate of the stable currency,
11 d) a second interest rate at least partially
12 determined by a commonly available interest rate
13 of a local currency of the secondary economy,
14 e) an agreement for a loan between said lending and
15 borrowing entities at said first interest rate,
16 said loan payable in the stable currency, and
17 f) an amortization schedule comprising a first debt
18 service obligation payable at said second
19 interest rate and a second debt service
20 obligation payable at said first interest rate.
21 2. A model as recited in claim 1 wherein said loan is
22 satisfied by payment in the stable currency.
23 3. A model as recited in claim 2 further comprising a
24 reserve fund of sufficient amount to facilitate
25 satisfaction of said amortization schedule in the

1 event of a period of instability of said secondary
2 economy.

3 4. A model as recited in claim 3 wherein said reserve
4 fund is derived from the difference in the
5 amortization of the loan at said second and first
6 interest rates, said second interest rate being
7 greater than first interest rate.

8 5. A model as recited in claim 1 further comprising a
9 reserve fund of sufficient amount to facilitate
10 satisfaction of said amortization schedule in the
11 event of a period of instability of said secondary
12 economy.

13 6. A model as recited in claim 5 wherein said reserve
14 fund is derived from the difference in the
15 amortization schedule at said second and first
16 interest rate.

17 7. A model as recited in claim 5 wherein the amount of
18 said reserve fund is predetermined based at least
19 partially on the amount of said loan and the stability
20 of said secondary economy.

21 8. A model as recited in claim 7 wherein said stability
22 of said secondary economy is based on historical and
23 current economic factors.

24 9. A model as recited in claim 7 wherein said reserve
25 fund is established as an initial deposit.

- 1 10. A model as recited in claim 5 wherein said reserve
2 fund is accumulated from a portion of said periodic
3 payments of said first debt service obligation.
- 4 11. A model as recited in claim 10 wherein said periodic
5 payments of said first debt service obligation
6 continues for a predetermined length of time until
7 said reserve fund comprises a predetermined amount.
- 8 12. A model as recited in claim 10 wherein said
9 predetermined amount of said reserve fund is based at
10 least partially on the amount of said loan and the
11 instability of said secondary economy.
- 12 13. A model as recited in claim 12 wherein said second
13 debt service obligation begins upon the satisfaction
14 of said first debt service obligation and said reserve
15 fund comprising a predetermined amount.
- 16 14. A model as recited in claim 13 wherein said reserve
17 fund is retained by said lending entity and applicable
18 to satisfy at least a portion of said second debt
19 service obligation during a period of instability of
20 said secondary economy.
- 21 15. A model as recited in claim 14 wherein said reserve
22 fund is retained by said lending entity and applicable
23 to satisfy at least a portion of either said first or
24 second debt service obligation during a period of
25 instability of the secondary economy.

1 16. A model as recited in claim 15 wherein any unused
2 portion of said reserve fund is returned to said
3 borrowing entity upon satisfaction of said loan.

4 17. A model as recited in claim 3 further comprising a
5 security deposit payed by said borrowing entity in an
6 amount less than the amount of said loan.

7 18. A model as recited in claim 3 wherein said lending
8 entity is associated with a lending institution
9 directly associated with said secondary economy and
10 said borrowing entity is a client of said lending
11 institution.

12 19. A model as recited in claim 18 further comprising a
13 compensation package benefitting said lending
14 institution and including conversion fees from the
15 client for exchanging local currency for the stable
16 currency used for satisfaction of said amortization
17 schedule.

18 20. A model as recited in claim 19 wherein said
19 compensation package further includes a deposit of
20 said reserve fund with said lending institution.

21 21. A model as recited in claim 18 further comprising a
22 conversion loan package wherein said lending
23 institution converts pre-existing loans involving
24 local currency to loans of and payable in the stable
25 currency.

- 1 22. A model for making a stable currency loan for use in
2 a secondary economy, said model comprising:
3 a) a lending entity having access to a stable
4 currency,
5 b) a borrowing entity having use for loan proceeds
6 in a secondary economy,
7 c) a first interest rate at least partially
8 determined by a commonly available lending
9 interest rate of the stable currency,
10 d) a second interest rate at least partially
11 determined by a commonly available interest rate
12 of local currency within the secondary economy,
13 e) an agreement for a loan between said lending and
14 borrowing entities at said first interest rate,
15 said loan payable to and satisfied by said
16 borrowing entity in said stable currency,
17 f) an amortization schedule to satisfy said loan
18 comprising a first debt service obligation
19 payable at said second interest rate and a second
20 debt service obligation payable at said first
21 interest rate, and
22 g) a reserve fund sufficient in amount to facilitate
23 payment of at least a portion of said
24 amortization schedule in the event of instability
25 of said secondary economy.

1 23. A model as recited in claim 22 wherein any unused
2 portion of said reserve fund is returned to said
3 borrowing entity upon satisfaction of said loan.

4 24. A model as recited in claim 23 wherein the amount of
5 said reserve fund is predetermined based at least
6 partially on the amount of said loan and the stability
7 of the secondary economy.

8 25. A model as recited in claim 24 wherein said reserve
9 fund is derived from the difference in amortization of
10 said loan at said second and first interest rates,
11 said second interest rate being greater than said
12 first interest rate.

13 26. A model as recited in claim 25 wherein said reserve
14 fund is accumulated in a predetermined number of
15 periodic payments of said first debt service
16 obligation.

17 27. A model as recited in claim 26 wherein said second
18 debt service obligation begins upon the satisfaction
19 of said first debt service obligation and said reserve
20 fund reaching said predetermined amount.

21 28. A procedure for making a secure, stable currency loan
22 for use in a secondary economy, said procedure
23 comprising:

24 a) establishing a first interest rate at least
25 partially based on a commonly available lending

1 interest rate of a predetermined stable currency,

2 b) establishing a second interest rate at least
3 partially based on a commonly available lending
4 interest rate of a local currency of a secondary
5 economy,

6 c) making a loan in the stable currency between a
7 lending entity and a borrowing entity at the
8 first interest rate,

9 d) amortizing at least a portion of the loan at the
10 second interest rate and another portion of the
11 loan at the first interest rate, and

12 e) creating a reserve fund derived from the
13 difference in the amortization of the loan at the
14 second interest rate and the first interest rate.

15 29. A procedure as recited in claim 28 comprising
16 establishing the reserve fund in a sufficient amount
17 to facilitate satisfaction of the loan in the event of
18 a period of instability of the secondary economy.

19 30. A procedure as recited in claim 29 comprising
20 determining the amount of said reserve fund based at
21 least partially on the amount of the loan and the
22 stability of the secondary economy.

23 31. A procedure as recited in claim 28 comprising
24 establishing the reserve fund by accumulating a
25 portion of periodic payments made in amortizing the

1 loan at the second interest rate.

2 32. A procedure as recited in claim 31 comprising
3 continuing periodic payments to satisfy amortizing the
4 loan at the second interest rate for a predetermined
5 length of time until the reserve fund comprises the
6 predetermined amount.

7 33. A procedure as recited in claim 32 comprising
8 returning any unused portion of the reserve fund to
9 the borrowing entity upon satisfaction of the loan.

10 34. A procedure as recited in claim 28 comprising
11 returning any unused portion of said reserve fund to
12 the borrowing entity upon satisfaction of the loan.

13 35. A procedure as recited in claim 34 comprising
14 associating the lending entity with a lending
15 institution associated with the secondary economy and
16 extending the loan to a client of the lending
17 institution as the borrowing entity.

18 36. A procedure as recited in claim 35 comprising
19 compensating the lending institution by conversion
20 fees from the client, charged by the lending
21 institution for exchanging local currency for the
22 stable currency used for the satisfaction of the loan.

23 37. A procedure as recited in claim 28 comprising
24 converting pre-existing loans of local currency into
25 loans of and payable in the stable currency.

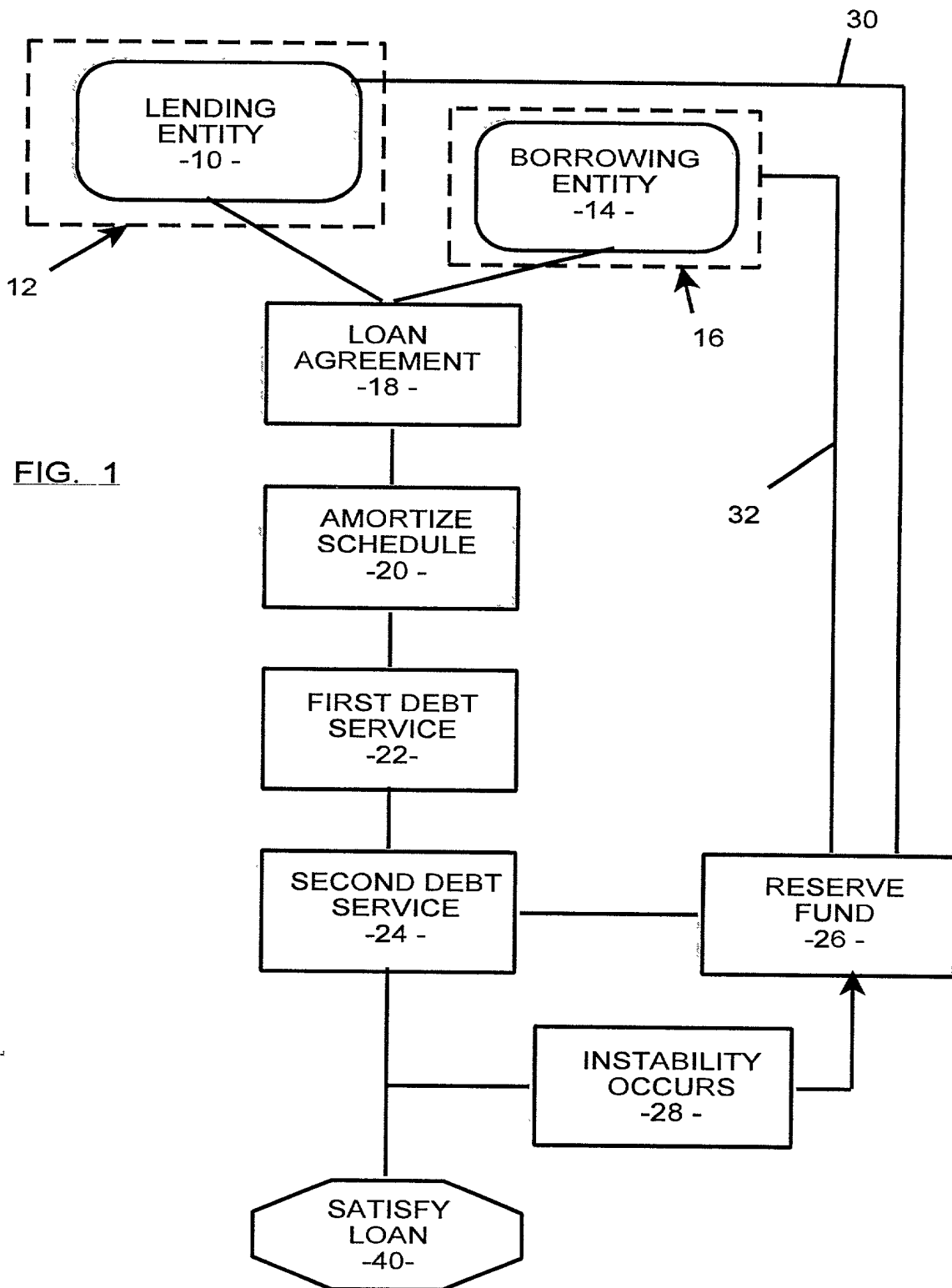
- 1 38. A procedure for making a secure loan comprising:
- 2 a) establishing a first interest rate at least
- 3 partially based on a commonly available lending
- 4 interest rate,
- 5 b) establishing a second interest rate which is
- 6 greater than the first interest rate,
- 7 c) making a loan between a lending entity and a
- 8 borrowing entity at the first interest rate,
- 9 d) amortizing at least a majority of the loan at the
- 10 second interest rate,
- 11 e) creating a reserve fund derived from the
- 12 difference in amortization of the loan at the
- 13 second interest rate and at the first interest
- 14 rate, and
- 15 f) establishing the reserve fund in a predetermined
- 16 sufficient amount to facilitate satisfaction of
- 17 the loan.
- 18 39. A procedure as recited in claim 38 comprising
- 19 amortizing another portion of the loan at the first
- 20 interest rate, and returning the amount of the reserve
- 21 fund to the borrowing entity at a predetermined time
- 22 before or after satisfaction of the loan.
- 23 40. A procedure as recited in claim 38 comprising
- 24 returning the amount of the loan to the borrowing
- 25 entity at a predetermined time before or after

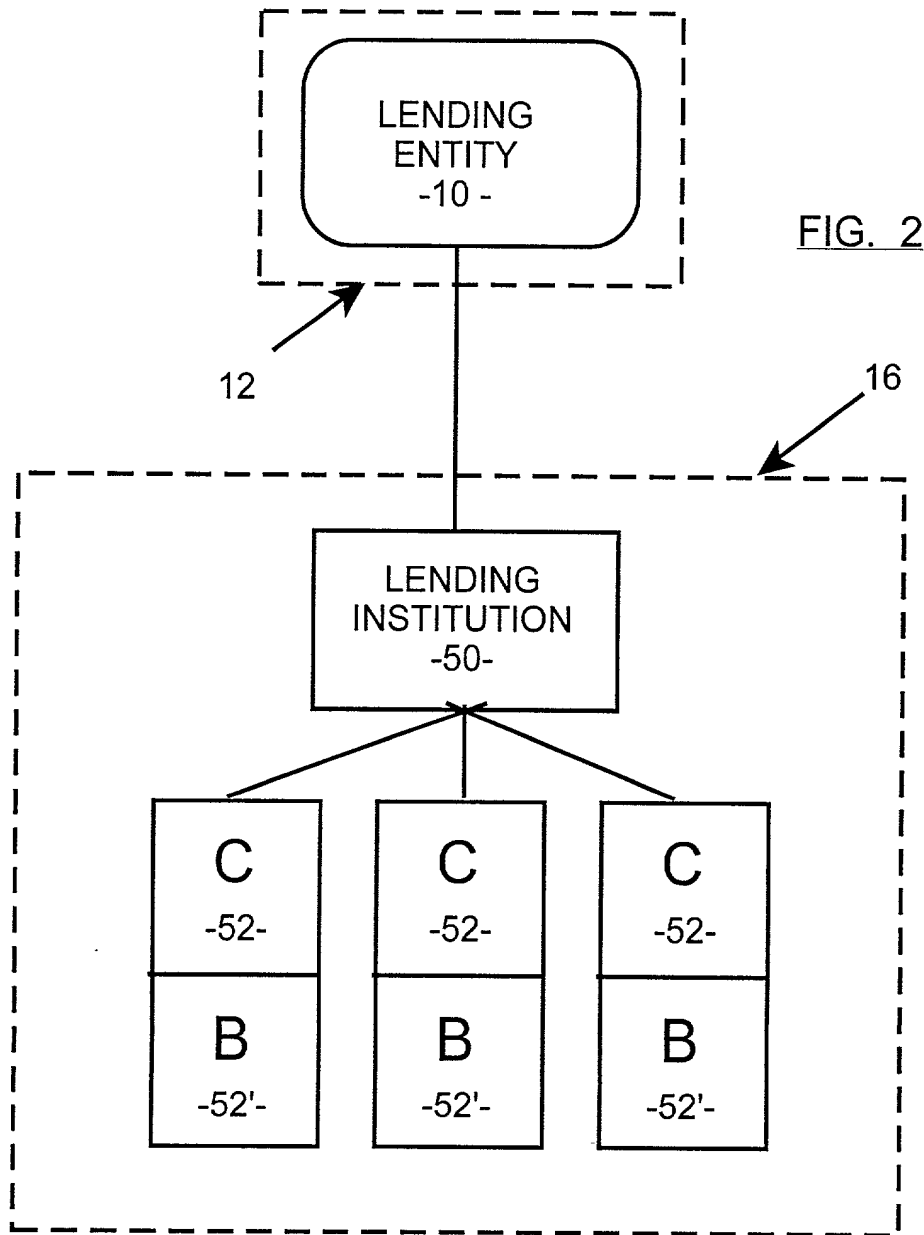
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the satisfaction of the loan.

ABSTRACT OF THE DISCLOSURE

A lending system for making secure loans and including a model and an associated procedure particularly adaptable for establishing loans of a hard or stabilized currency, such as but not limited to US dollars, to a borrowing entity which utilizes the loan proceeds in a secondary economy historically characterized by unstable monetary conditions. A lending entity makes a stable currency loan at a first interest rate, based on a currently available lending rate of the stable currency. An amortization schedule to satisfy the loan is established and is characterized by a portion of the loan being paid at a second interest rate commonly associated with the lending rate of the local currency of the secondary economy, which is significantly greater than the first interest rate. A remainder or second portion of the loan is amortized at the first interest rate on which the loan was also based. A reserve fund is established and retained to facilitate payment or satisfaction of the loan in the event of instability of the secondary economy and/or the inability of the borrowing entity to amortize the loan in accordance with the pre-established amortization schedule. The reserve fund is derived from the difference between the higher amortization payment, made at the second interest, and the amount of the lesser payment amortized at the lower first interest rate, at which the loan was actually established.





MALLOY & MALLOY, P.A.

DECLARATION AND POWER OF ATTORNEY FOR PATENT APPLICATION

English Language Division

As a below named inventor, I hereby declare that:

My residence, post office address and citizenship are as stated below, next to my name,

I believe I am the original, first and sole inventor (if only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled

LENDING MODEL

the specification of which

(check one)

☒ is attached hereto

_____ was filed on _____ as

Application Serial No. _____

and was amended on _____
(if applicable)

I hereby state that I have reviewed and understand the contents of the above-identified specification, including the claims, as amended by any amendment referred to above.

I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations §1.56(a).

I hereby claim foreign priority benefits under Title 35, United States Code, §119 of any foreign application(s) for patent or inventor's certificate listed below and have also identified below any foreign application for patent or inventor's certificate have a filing date before that of the application on which priority is claimed:

Prior Foreign Application(s)			Priority Claimed	
_____ (Number)	_____ (Country)	_____ (Day/Month/Year Filed)	Yes	No
_____ (Number)	_____ (Country)	_____ (Day/Month/Year Filed)	Yes	No
_____ (Number)	_____ (Country)	_____ (Day/Month/Year Filed)	Yes	No

I hereby claim the benefit under Title 35, United States Code, §120 of any United States application(s) listed below and, insofar as the subject matter of each of the claims of this application is not disclosed in the prior United application in the manner provided by the first paragraph of Title 35, United States Code, §112, I acknowledge the duty to disclose material information as defined in Title 37, Code of Federal Regulations, §1.56(a) which occurred between the filing date of the prior application and the national PCT International filing date of this application:

(Application Serial No.)

(Filing Date)

(Status)
(patented, pending, abandoned)

(Application Serial No.)

(Filing Date)

(Status)
(patented, pending, abandoned)

I hereby declare that all statements made herein of my own knowledge are true and that all statements made of information and belief are believed to be true; and further, that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

POWER OF ATTORNEY: As a named inventor, I hereby appoint the following attorney(s) and/or agent(s) to prosecute this application and transact all business in the Patent and Trademark Office connected therewith. (list name and registration number)

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(Supply similar information and signature for third and subsequent joint inventors.)

INDEPENDENT INVENTOR - SMALL ENTITY STATUS

Applicant or Patentee: SIMON HACHE Attorney'sSerial or Patent No.: _____ Docket No.: 1.919.00

Filed or Issued: _____

For: LENDING MODELVERIFIED STATEMENT (DECLARATION) CLAIMING SMALL ENTITY
STATUS (37 CFR 1.9(f) and 1.27(b) - INDEPENDENT INVENTOR

As a below named inventor, I hereby declare that I qualify as an independent inventor as defined in 37 CFR 1.9(c) for purposes of paying reduced fees under Section 41(a) and (b) of Title 35, United States Code, to the Patent and Trademark Office with regard to the invention entitled,

LENDING MODEL
described in

☒ the specification filed herewith.
☐ application serial no. _____, filed _____
☐ patent no. _____, issued _____

I have not assigned, granted, conveyed or licensed and am under no obligation under contract or law to assign, grant, convey or license, any rights in the invention to any person who could not be classified as an independent inventor under 37 CFR 1.9(c) if that person had made the invention, or to any concern which would not qualify as a small business concern under 37 CFR 1.9(d) or a nonprofit organization under 37 CFR 1.9(e).

Each person, concern or organization to which I have assigned, granted, conveyed, or licensed or am under obligation under contract or law to assign, grant, convey, or license any rights in the invention is listed below:

☒ no such person, concern or organization
☐ person, concerns, or organization listed below*

*Note: Separate verified statements are required from each named person, concern or organization having rights to the invention averring to their status as small entities. (37 CFR 1.27)

FULL NAME _____

ADDRESS _____

☐ INDIVIDUAL ☐ SMALL BUSINESS CONCERN ☐ NONPROFIT ORGANIZATION

FULL NAME _____

ADDRESS _____

☐ INDIVIDUAL ☐ SMALL BUSINESS CONCERN ☐ NONPROFIT ORGANIZATION

FULL NAME _____

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I acknowledge the duty to file, in this application or patent, notification of any change in status resulting in loss of entitlement to small entity status prior to paying, or at the time of paying, the earliest of the issue fee or any maintenance fee due after the date on which status as a small entity is no longer appropriate. (37 CFR 1.28(b))

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further, that these statements were made with the understanding that such willful false statements may jeopardize the validity of the application, any patent issuing thereon, or any patent to which this verified statement is directed.

NAME OF INVENTOR _____

SIMON HACHE

NAME OF INVENTOR _____

NAME OF INVENTOR _____

Signature of Inventor _____

Simon Hache

Date _____ Date _____ Date _____

08/10/2000